SPECIAL ISSUES & CIRCUMSTANCES

NEWLY DEVELOPED COMMUNITIES

Determine not only when but also how the developer plans to transition control of the community to homeowners.

RESALE

Consult a community association manager or association officer to determine if there are unresolved issues pertaining to that property, delinquent assessments or unapproved architectural changes, for example.



BUYING TO RENT

Examine the CC&Rs with respect to regulations affecting rentals. Remember, it will be your responsibility to educate your renters and ensure they abide by the association's rules.

CONDOMINIUM CONVERSIONS

You need to be especially diligent to make sure you know exactly what you're buying. Appearances can be misleading. Old buildings are old buildings. A snappy, refurbished lobby does not necessarily mean that the heating system, elevators and roof aren't due for expensive overhauls.

QUESTIONS YOU SHOULD ASK

At a minimum, you should be able to answer the following questions before you buy a home in a community association:

- How much are the assessments, and when are payments due?
- What do the assessments cover?
- What is not covered and, thus, what are your individual responsibilities as a homeowner?
- What procedures are in place to collect delinquent assessments?
- How often can assessments increase and by how much?
- What is the annual budget and how does it compare to similar communities?
- Does the community have a viable reserve to fund major, long-term maintenance and repairs?
- Have special assessments been levied by the association on homeowners? If so, for how much and for what purpose?
- Are there restrictions on renting property?
- Do the architectural guidelines suit your preferences?
- Is the community age-restricted? If so, what is the policy on underage residents?
- Are there simmering issues between homeowners and the elected board?
- What are the rules with respect to pets, flags, outside antennas, satellite dishes, clotheslines, fences, patios, parking and home businesses?
- Are board meetings open to all residents?

ADDITIONAL RESOURCES

Go to www.caionline.org for even more detailed information about association-governed communities. Our free homeowner education course manual, *An Introduction to Community Association Living*, can be accessed at www.caionline.org/about/education.cfm.

While on the website, you may also want to review *CAI's Rights and Responsibilities for Better Communities*, a series of 42 principles and practices designed to help association-governed communities promote harmony, enhance communication and reduce the potential for conflict. For more information, go to www.caionline.org/rightsandresponsibilities/index.cfm.

CAI: AMERICA'S ADVOCATE FOR RESPONSIBLE COMMUNITIES

Community Associations Institute is a national organization dedicated to fostering vibrant, responsive, competent community associations. Founded in 1973, CAI provides education and resources to association-governed communities. Its members include community association volunteer leaders, professional managers, community management firms and companies that provide products and services to community associations.

Working closely with more than 50 state, regional and local chapters nationwide, CAI conducts research and serves as a clearinghouse for the latest information in community association management and governance. CAI serves its members with books, seminars and workshops, research, continuing education and publications, including *Common Ground* magazine and specialized newsletters on community association management, governance and law.

community
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COMMUNITY MATTERS

WHAT YOU SHOULD KNOW BEFORE YOU BUY



COMMUNITY ASSOCIATIONS offer choices, lifestyles, amenities, services and efficiencies that people value. More than 54 million Americans choose to live in condominium and homeowner associations, cooperatives and other planned communities.

For many, a condominium or planned community can be the most affordable way to own a home. Others are drawn to the architectural uniformity of the neighborhood or the landscaping. Still others are attracted by recreational amenities and social opportunities.

Many community associations offer services and amenities that most Americans cannot afford on their own—swimming pools, tennis courts, playgrounds, lakes and ponds, professional security, even golf courses. These communities also provide some degree of protection against neighborhood degradation and deterioration—cars on cinder blocks, dilapidated homes or yards that are not maintained.

But with all of their inherent advantages, community associations occasionally face complicated issues, none more common than the challenge of balancing the best interests of the community as a whole with the preferences of individual residents. Issues often arise because of unrealistic expectations, misinformation and misunderstanding.

You can help ensure a more positive and fulfilling community experience by learning all you can about a community before you buy a home.

WHAT IS A COMMUNITY ASSOCIATION?

A community association may have any number of names, including homeowners association, property owners association, condominium association, cooperative, council of homeowners and common interest development. While there can be substantive differences among these types, the fundamental responsibility of an association is to preserve the nature of the community and protect the value of the property owned by members.

In all cases, the association is likely administered by a board of directors—volunteer homeowners elected by their fellow residents to set policy. Larger communities typically hire full-time, on-site managers. Others contract with management firms for selected services, such as financial management and maintenance, for example. Smaller associations with more limited budgets often rely on resident volunteers for all management and oversight. One volunteer might handle bookkeeping, another might oversee landscaping, and still another may manage the pool.

Whether a community is self-managed or able to hire professional management services, homeowner involvement is essential.

WHAT YOU NEED TO KNOW

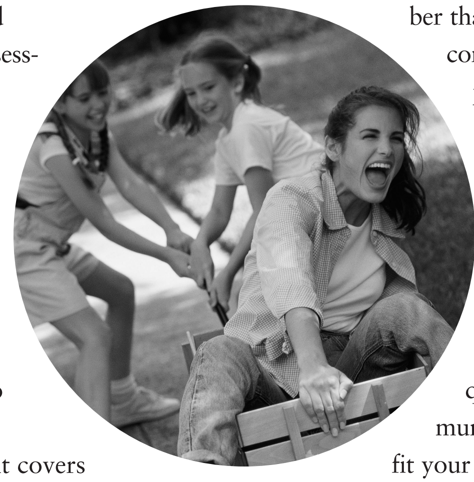
When you have your eyes on a particular home, the first thing you should do is ask your real estate agent if it's part of a community association. If so, try to obtain copies of the governing documents, including the Covenants, Conditions & Restrictions (CC&Rs), and read the information carefully. If you don't understand something, discuss it with your agent or consult an attorney for guidance. Ask your agent how to get these documents. You may have to pay a fee.

It is essential that prospective buyers remember that homeowners—explicitly or implicitly—agree to comply with CC&Rs when they move into an association-governed community. These rules typically apply to assessments, architectural guidelines (such as additions, decks and paint colors), landscaping, maintenance, satellite dishes, clotheslines, fences, flags, parking, pets, patios and more.

You can also talk to people who live in the community. Find out how they feel, not only about the neighborhood, but also about how the community is governed and managed. Ask to talk to the president of the association, a member of the elected board or the professional who manages the community.

ASSESSMENTS: YOUR FAIR SHARE

Before buying a home in an association-governed community, you should examine the association budget carefully because it sets the level of assessments and services. Collected monthly, quarterly or annually, assessments are not voluntary. They are mandatory homeowner dues that must be paid or the association can take legal action, such as placing a lien against your property, an action that can lead in rare cases to foreclosure. More importantly, as a member of that community, it is your obligation to pay your fair share of the costs.



Determine what the assessment covers and what it does not cover. Assessments typically cover expenses for items such as maintenance of common areas, trash collection, snow removal, private streets, recreational facilities and other amenities. In some communities, assessments cover exterior maintenance to units.

Determine if the budget includes a reserve fund for major expenditures. Most communities will require large expenditures at some time—roofs replaced or private roads and parking areas resurfaced, for example. If there is no reserve fund, the association will likely have to impose special assessments when major projects become necessary—and that can be an expensive and unanticipated financial burden.

MANAGING YOUR EXPECTATIONS

You've identified your ideal home. You've done your homework. You're ready to buy. But there's one more thing on your checklist: Resolve to manage your own expectations. Like any endeavor involving people, community association living is not utopia. With all their inherent advantages, community associations are not unlike any human enterprise. Judgments are subjective and subject to change. Decisions are not always met with unanimous approval. Mistakes are made.

As you ponder your own expectations, remember that some personalities are not suited for community association living. Some people bristle when faced with rules and regulations that must be enforced to maintain established community standards. Ask yourself if you're likely to have buyer's remorse the first time you run up against a rule you don't like.

Be sure to ask the most important questions: Is it the right kind of community for you and your family? Does it fit your lifestyle and sense of community? Does it provide the amenities you want—a community pool, recreational opportunities, attractive common grounds, ample parking and proximity to schools? It is a good investment?

Finally, once you're in your home, make the decision to get involved in your community. Attend board meetings, serve on a committee or even seek a seat on the association board. It's your community, your investment and your home!